

STC NEWSLETTER

State Tax Commission

June 2004

Senate Bill 960 Passes the 92nd General Assembly

Senate Bill 960, sponsored by Senator Gibbons of St. Louis County, has passed the General Assembly and is heading to the Governor's office for signature. SB 960 contains two issues of interest to Missouri assessors. The first provision provides that counties may "opt-out" of the four levy calculations which was implemented in St. Louis County in 2003 and was scheduled for implementation for the remainder of the counties in 2005. In order to opt-out of these provisions, the governing body of a county must affirmatively vote to enact the opt-out provisions. SB 960 also provides a provision to increase the amount of property tax collections to be deducted from collections and deposited in the assessment fund. The bill provides that first class counties and the City of St. Louis will receive an additional 1/8th of 1% of collection funds and second, third and fourth class counties will receive an additional 1/4 of 1% of collection funds. There is a stipulation incorporated in the language that establishes a cap on funds received not to exceed \$100,000 for first class counties and first class charter counties and \$50,000 for any second, third or fourth class counties. Complete copies of this bill are available on the state's web page at <http://www.state.mo.us/>.

Senate Bill 730, Commonly Referred To As "The Missouri Homestead Preservation Act", Passes the General Assembly

The General Assembly passed and has sent SB 730 to the Governor for his signature. The Homestead Preservation Act provides property tax relief for senior citizens reaching 65 years of age with an adjusted gross income of less than \$70,000. The provisions in this bill do not replace the senior citizens credit known as the "circuit breaker", which is implemented by the Department of Revenue. It should be pointed out that you cannot receive credit from both programs and eligibility requirements will dictate which program a senior citizen will participate in. The Department of Revenue, who is responsible for the lion's share of implementing this legislation, is in the process of developing automated systems and application forms. The Department of Revenue will be working closely with the STC and local government prior to formulating rules and regulations necessary to administer this program. Applications for homestead preservation relief are scheduled to be available in April of 2005. For more complete information regarding this bill, please refer to the state's web site at <http://www.state.mo.us/>.

COMMISSIONER BRUCE E. DAVIS REAPPOINTED

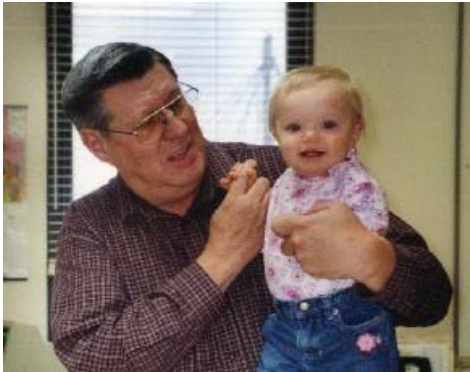


Governor Holden reappointed Commissioner Bruce Davis to a six-year term on the State Tax Commission, and was confirmed by the Missouri Senate. Bruce began his stint with the Commission in 1984 as Administrative Secretary. He held that position until he was appointed to the Commission by then Governor John Ashcroft to serve out the term of Chairman Ralph Smith, who resigned to take a position in the governor's office.

Originally from Boonville, Missouri, Bruce holds a bachelor's degree from Westminster College in Fulton and worked at the Department of Revenue prior to coming to the State Tax Commission. He currently resides in Columbia, Missouri with his wife, Mary, and two sons, Trevor and Austin.

Bruce's attention to detail, years of experience, and accumulated knowledge make him an asset to the Commission and a valuable resource to assessors as well.

Featuring...



**Jerry Overkamp &
Granddaughter Allison**

Montgomery County Assessor Jerome Overkamp has served in that position since 1977 when Governor Bond appointed him to serve out the term of Dick May who had passed away in office. Jerry was born and raised in Americus, Missouri, graduated from Montgomery County RII High School in 1962 in Montgomery City, and attended Finley Engineering College in Kansas City.

On September 26, 1964, he and his wife Jackie were married in New Florence. They have two children, Nicole (35) and Michael (33), a grandson Alex (10) and a granddaughter Allison (1).

Prior to becoming assessor, he worked for International Harvester Equipment, McDonnell Douglas, Kulmans Die Casting, and New Florence Lumber Company. He also owned his own farm and sold seed for Pioneer Hi-Bred International, where he won the "Top Salesman" award. Jerry has been active in his community and was a member and past president of the local chapter of Lions Club International, served as a member of the town board, a member of the volunteer fire department, and is a member and president of the Old Settlers Association.

Jerry's Lighter Side

As a child, what did you want to be when you grew up? Rich! Ha Ha! I came from a large family, and we didn't have much.

Favorite subject in high school? Girls! What else was there?!

Most influential mentor? My Dad. My family.

Favorite movie of all time? Old western movies.

Hobbies? I enjoy hunting quail and pheasant and playing with my grandchildren.

Community Involvement? I'm a supporter of many activities of the local church, Montgomery RII Schools, and Immaculate Conception School. I believe it's important to be an active member of your community.

Accomplishment I'm most proud of? We raised our children with no major mishaps. When I see all the trouble in the world, I think how fortunate we are.

Interesting Taxpayer Story? For seven or eight years in a row, before he passed away, I had an old gentleman write me a note with his taxes. He wanted to remind me that, although he did own this donkey, as it only had three legs, maybe I should only charge him ¾ of the taxes on it. *[Editor's note: At least the taxpayer's suggestion of taxing three-quarters of a donkey could not be called a half-assed idea.]*

2004 ANNUAL ASSESSOR'S CONFERENCE

The Missouri Assessors' Association will be sending out information regarding this year's annual meeting. The conference will be held at the Chateau on the Lake in Branson, Missouri beginning on Tuesday, September 7th through Friday, September 10th. Please mark your calendars and watch for information to be coming soon.

80% OF SCHOOL LEVIES AND BOND ISSUES SUBMITTED TO VOTERS IN APRIL, PASSED

Nearly 80% of the tax levy and bond issue proposals submitted by Missouri school districts on April 6, 2004 were approved by the voters. A record 114 school districts presented tax increase proposals and/or bond issues to the voters. There are currently 522 school districts located throughout the state of Missouri. There were 139 proposals of which 107 were passed by the requisite majority. The formal results are as follows:

- Of 70 proposed increases in the operating tax levy, 53 were approved (76%); 17 were defeated.
- Of 39 bond issues proposed for construction or capital improvements, 31 were approved (79%), and 8 were defeated.
- Of 30 "Proposition C waivers," 23 passed (77%) and 7 were defeated. "Proposition C" is the state's one-cent education sales tax that was adopted by voters in 1982. In return for this sales tax revenue, school districts must partially reduce local property tax rates. With a Proposition C waiver election, school districts may ask voters to forego the property tax reduction.

The increase created by these levy and bond issues will increase the amount of ad valorem tax collections by school districts and will result in additional withholdings to be deposited in the assessment fund.

STATE TAX COMMISSION OF MISSOURI

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LOGAN IS REAPPOINTED TO MOPERM

The Missouri Senate has confirmed Governor Bob Holden's reappointment of Judy Logan, Maries County Assessor, to the Board of Trustees of the Public Entity Risk Management Fund. The MOPERM Board offers tort liability and other insurance-type coverages for Missouri political subdivisions which participate.

The Board is comprised of the Attorney General, the Commissioner of Administration, and four officers or employees of the participating political subdivisions. The latter four members are appointed by the Governor with the advice and consent of the Senate.



2004 MINIMUM VALUES SET ON LIVESTOCK

The Livestock Advisory Committee met in Jefferson City on January 6, 2004 to set minimum livestock values for the 2004 tax year. Members of the committee in attendance were: (seated 1-r) Roger Harrison, Pulaski; Ross Seals, Osage; James Strahan, Taney; Roger Pruden, Bates; (standing 1-r) David Tunnell, Lawrence; Gary Hostetter, Sullivan; Steve Ripley, Livingston; Sam Leake, STC; Jerry Overkamp, Montgomery; and Larry White, Perry.

STC RETIREMENT

Jim Cissna, Review Appraiser in the Ratio Study Section of the State Tax Commission, retired effective April 1. Jim joined the Commission on June 2, 1980 as an Appraiser and was promoted later to Review Appraiser. Jim supervised and trained many appraisers over the years. He will be missed by all of us at the Commission.

We wish Jim and his wife Becky the best in their travels during retirement.

LONG TIME ASSESSOR JIMMY WILLIS PASSES AWAY

James H. Willis, former longtime Jasper County assessor, passed away on February 11, 2004 after several years of ill health. Mr. Willis served 30 years as Jasper County assessor, but was first known as a patriot. He was a decorated World War II veteran and was also known as "Mr. VFW" for the state of Missouri as stated by Donnie Watts, adjutant for the state VFW.

Mr. Willis will be missed by many friends in Jasper County as well as throughout the State of Missouri.

CPI CERTIFIED TO COUNTY CLERKS

County clerks were notified late last month that the consumer price index for April, 2004 was two and three-tenths percent (2.3%). This was an increase from last year's CPI of 2.2%.

Section 137.073.4 (1) requires the State Tax Commission to certify to each county clerk the increase in the general price level as measured by the consumer price index for all urban consumers for the United States available June 1. The latest CPI available on June 1 is the April index.

"CLARIFICATION" NEWSLETTER POSTED TO STC WEB

The last newsletter stated that we would be sending future newsletters electronically. We will be sending an e-mail to those that have e-mail addresses and internet access, letting them know that the latest newsletter has been posted to the State Tax Commission web site. That web site can be found at <http://www.dor.mo.gov/stc/>

Please bookmark this site for future reference.

COURT DECISION ON CLASSIFICATION OF EXTENDED STAY RESIDENTIAL FACILITY

On January 13, 2004, the Eastern District Court of Appeals upheld the State Tax Commission's decision regarding the mixed-use classification of an extended-stay facility. The decision, *Zimmerman v. Dominion Hospitality* (No. ED 82934), arose in St. Charles County. The court affirmed the State Tax Commission decision which found that an extended-stay facility in which 60% of its room use was by permanent residents (30 days or longer), and 40% by "transient" guests (less than 30 days) should be classified as 60% residential and 40% commercial. The Assessor and the St. Charles County Board of Equalization had classified it as wholly commercial.

In 1995, section 137.016, RSMo was amended to provide that apartments and other multiple family dwellings are classified as residential, but hotels and motels remain classified as commercial. As amended, that section, in pertinent part, now defines residential property as:

... all real property improved by a structure which is used or intended to be used for residential living by human occupants, vacant land in connection with an airport, land used as a golf course, and manufactured home parks, but residential property shall not include other similar facilities used primarily for transient housing. For the purposes of this section, "transient housing" means all rooms available for rent or lease for which the receipts from the rent or lease of such rooms are subject to state sales tax pursuant to section 144.020.1(6), RSMo;

According to state regulations, an individual who contracts to stay in a room or dwelling unit thirty days or more is a permanent resident and not subject to the transient housing sales tax of 144.020.1(6), RSMo.

After the 1995 amendment, difficulties arose in assessing facilities that rented rooms or dwelling units for both the short and long term. This decision represents the first time the issue was addressed by a Missouri Appellate Court. There were several points on appeal addressed by the court and a substantial dissenting opinion, but, in short, the court found that classification of an extended-stay residential facility as mixed use, commercial and residential, is proper, and that the use of the term "used primarily for transient use" in the statute does not require that the property be wholly classified as commercial.

The decision is subject to further appeal or rehearing. For a copy of the decision, go to <http://www.osca.state.mo.us/courts/pubopinions.nsf/>, click on Eastern Appellate District, click on "search opinions", type in "Dominion Hospitality", and click on the cite beginning "Eugene Zimmerman . . .", or contact the State Tax Commission at 573-751-2414.

ATTORNEY GENERAL OPINION ON WAIVER OF PENALTIES

On April 8, 2004, Attorney General Jay Nixon issued an opinion that concluded the Jackson County Collector lacks the authority to waive interest and penalties assessed on delinquent real or personal property taxes. Because neither the Jackson County Charter nor the Code authorize the waiving of penalty or interest, the Attorney General did not offer an opinion as to whether a grant of such authority by the Jackson County Legislature to the Collector would be valid.

The Jackson County Collector operated under a policy of waiving penalties and interest under certain circumstances, and few if any records were kept of the waivers. This action was brought to light in a series of articles in the Kansas City Star. According to the Star, the Jackson County Counselor's Office believed authority existed based on case law which held that any official having authority to sue to collect a tax has, by implication, authority to compromise it. The State Tax Commission indicated

that its advice to all collectors had always been that no statutory authority exists which allows for the waiver of penalties and interest on delinquent property taxes. However, because Jackson County is a charter county and the application of the laws to charter counties can be more complex, the State Tax Commission requested, through Carol Fischer, Director of the Department of Revenue, the opinion of Attorney General Jay Nixon.

The opinion stated:

In sum, we have found no provision of the Jackson County charter or Code granting the Jackson County Collector - either expressly or by necessary implication - the authority to waive penalties and interest imposed on delinquent real or personal property taxes . . .

Accordingly, we have reviewed Missouri's statutes governing county collectors and the collection of delinquent taxes in first class charter counties. But we have not found any provisions that authorize the Jackson County Collector to compromise interest and penalties on delinquent taxes.

If you would like a copy of the Attorney General's opinion, contact the State Tax Commission's legal staff at 573-751-1710.

NO CHANGE IN AGRICULTURAL LAND VALUES

In December, 2003, pursuant to Section 137.021, RSMo, the State Tax Commission promulgated a rule establishing the agricultural land productivity values to be used commencing tax year 2005.

Based on the promulgated rule, the values for 2005/2006 will be as follows:

Grade 1 - \$985	Grade 5 - \$195
Grade 2 - \$810	Grade 6 - \$150
Grade 3 - \$615	Grade 7 - \$ 75
Grade 4 - \$385	Grade 8 - \$ 30